

BENEFITS OF LARGENT/MARKEY**May, 1999****SAVINGS**

Our bill will result in savings by allowing consumers the power to reduce their electricity bills by choosing their electric provider and search for what best meets their needs in cost and quality. Savings are estimated to be equivalent to a five percent income tax cut for a family of four. When we deregulated other monopolies (long distance telephone service, airlines, trucking and railroads) the lowest price reduction was 28%. Savings will lower costs for local school districts, health care plans, and all levels of government - to name a few.

RELIABILITY

The lights will stay on because our bill sets up a national reliability standard to prevent regional reliability lapse such as those that occur during the blackouts in the Midwest. Regional Transmission Planning Agencies will help in siting new transmission lines and increased distributive generation plants will bring the reliable power closer to the end-user.

TECHNOLOGICAL ADVANCES

Competition will encourage new technologies from more-efficient High Temperature Superconductor transmission lines to smart electric meters inside the home for automatic price monitoring. We will move from the "rotary phone age" to the "cell phone age" in electricity service while protecting consumers from slamming, cramming, and privacy abuses.

ENVIRONMENTAL BENEFITS

Competition will reward newer, cleaner burning technologies. The most efficient technologies will be the winners in a competitive environment which translates into less overall fuel being burned. Labeling requirements will give consumers the ability to choose green power if they so desire.

FEATURES OF LARGENT/MARKEY**DATE CERTAIN**

- Opt out for both states and non-regulated utilities (munies and co-ops)
- States may impose reciprocity

GRANDFATHERING

- Full grandfathering for plans enacted prior to 1/1/2000
- Certain aspects of bill continue to apply to grandfathered States (FERC merger authority,
- ISO's, reliability standards, PUHCA and PURPA repeal)

STRANDED COSTS

- Leave to States
- FERC determines TVA stranded costs
- PURPA stranded costs federal backstop

RELIABILITY

- Mandatory membership in reliability councils pursuant to NERC proposal
- TERC authority to require Regional Transmission Organization (ISOs and transcos) membership

PURPA

- Repeal PURPA
- FERC stranded costs backstop

PUHCA

- Repeal PUHCA except for sellers in two or more states that have not enacted retail access plans
- Federal and state access to books and records

MARKET POWER

- Authorize FERC to order utilities to return to cost-based rates on both the wholesale and retail level if the market power persists after failed mitigation attempts
- FERC authorized to require membership in RTOs
- Clarify FERC merger authority
- Apply antitrust laws to TVA and PMAs

CONSUMER PROTECTION

- Labeling required
- Slamming and cramming prohibited
- Allow non-bypassable charges by states for universal service purposes
- Privacy protections for consumer information

ENVIRONMENTAL BENEFITS

- Tax credits for renewable energy
- Renewable Portfolio Standard kicks in if, on 1/1/2005, EIA determines renewable energy is less than 3 percent of all energy used to generate electricity. If RPs is activated, it will be at 3 percent and will sunset in 2015.

TVA

- Anti-cherry picking provision and TVA fence come down simultaneously
- No retail sales by TVA to new customers
- Wholesale sales outside of region = FERC regulation
- New generation only if purchaser assumes risk
- Transmission subject to Federal Power Act
- FERC may order TVA to participate in an RTO
- TVA subject to antitrust laws

BONNEVILLE

- Transmission subject to FERC authority
- Allow BPA to impose a surcharge for recovery of future otherwise nonrecoverable costs such as fish and wildlife costs
- FERC may order BPA to participate in an RTO
- BPA subject to antitrust laws